

**SCOFIELD TOWN**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**SCOFIELD TOWN  
BASIC FINANCIAL STATEMENTS  
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ACCOUNTANTS' COMPILATION REPORT

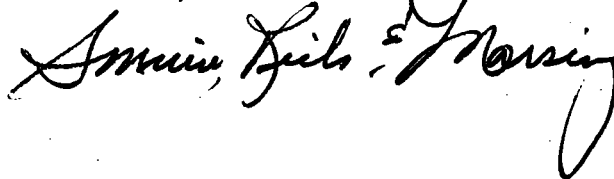
Honorable Mayor and Town Council  
Scofield Town  
Scofield, Utah

We have compiled the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Scofield Town, Utah (a municipality) as of and for the year ended June 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements, and accordingly, do not express an opinion or any other form of assurance on them.

The Management's Discussion and Analysis on pages 2 through 7 and the budgetary information on page 26 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. According, we do not express an opinion or any other form of assurance on the supplementary information.

SMUIN, RICH & MARSING



Price, Utah

December 31, 2006

**SCOFIELD TOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006**

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Our discussion and analysis of Scofield Town financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2006.

**FINANCIAL HIGHLIGHTS**

- ❖ The Town's net assets increased \$3,648 as a result of this year's operations. Net assets of our governmental activities increased by \$5,636, and net assets of our business-type activities decreased by \$1,988.
- ❖ Total expenses of \$24,121 were \$13,081 more than the direct revenue received of \$11,040 for governmental activities.
- ❖ In the Town's business-type activities, revenues of \$90,680 were \$8,934 more than the expenses of \$81,746 for business-type activities.
- ❖ Taxes—which included sales, property and liquor—were \$7,118. Taxes increased by \$705 from the previous year.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The financial reports; Statement of Net Assets and the Statement of Activities (on pages 8 and 9) provide information about the activities of the Town as a whole and present a long-term view of the Town's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's significant funds.

**REPORTING THE TOWN AS A WHOLE**

Our analysis of the Town as a whole begins on page 8. The Statement of Net Assets and Statement of Activities report information about the Town as a whole and about its activities in a way that helps determine if the Town is better off as a result of the year's activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or payment made.

These two statements report the Town's *net assets* and changes in them. Net assets equal the difference between assets and liabilities. This is one way to measure the Town's financial position. Increases or decreases in the Town's net assets are one indicator of whether the financial position of the Town is improving or deteriorating. You will need to consider other non-financial factors, such as changes in the Town's property tax base and the condition of the Town's roads, water lines, sewer lines, and other capital assets to assess the overall health of the Town.

In the Statement of Net Assets and the Statement of Activities, we divide the Town into two kinds of activities:

**Governmental activities** – Most of the Town's basic services are reported here, including the general and administration cost. Sales and property taxes and state and local grants finance most of these activities.

**Business-type activities** – The Town charges a fee to customers to help cover all or most of the cost of services it provides. The Town's water and sewer services are reported here.

## **REPORTING THE TOWN'S SIGNIFICANT FUNDS**

Our analysis of the Town's major funds begins on page 10. The fund financial statements begin on page 10 and provide detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by State law and by bond covenants. The Town established other funds to help it control and manage money for particular purposes (capital projects payments) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

*Governmental funds*—Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship or differences between *governmental activities* (reported in the Statement of Net Assets and the Statement of Activities) and *governmental funds*, in a reconciliation following the fund financial statements.

*Proprietary funds* – When the Town charges customers for the services it provides – to outside customers – these services are generally reported in proprietary funds. Proprietary funds are reported the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Town's Proprietary fund is the same as the business-type activities we report in the government-wide statements, but provides more detail and additional information, such as cash flows for the proprietary fund.

## **THE TOWN AS A TRUSTEE**

The Town does not hold any funds or property in a trustee capacity. Consequently no trustee information is required to be presented.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to private-sector business. The Town's Statement of Net Assets, which increased during the current calendar year, presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. The Statement of Activities presents information showing how the Town's net assets changed during the most recent fiscal year. The government-wide financial statements include the Town's activity only. If the Town (the primary government) had accountability to any other entity (known as a component unit), that information would also be presented in the government-wide financial statements. The analysis below focuses on the net assets (Table 1), and changes in net assets (Table 2) of the Town's governmental and business-type activities.

Table 1  
Net Assets

|  | Governmental<br>Activities<br>2006 | Governmental<br>Activities<br>2005 | Business-type<br>Activities<br>2006 | Business-type<br>Activities<br>2005 | Total<br>Primary<br>Government<br>2006 | Total<br>Primary<br>Government<br>2005 |
|--|------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|--|--|
| Current and other assets                   | \$ 65,387                          | \$ 66,898                          | \$ 15,997                           | \$ 10,412                           | \$ 81,384                              | \$ 77,310                              |
| Capital assets                             | 69,091                             | 75,331                             | 1,393,469                           | 1,414,055                           | 1,462,560                              | 1,489,386                              |
| <b>Total assets</b>                        | <b>\$ 134,478</b>                  | <b>\$ 142,229</b>                  | <b>\$ 1,409,466</b>                 | <b>\$ 1,424,467</b>                 | <b>\$ 1,543,944</b>                    | <b>\$ 1,566,696</b>                    |
| Current liabilities                        |                                    | \$ 13,433                          | \$ 42,899                           | \$ 43,477                           | \$ 42,899                              | \$ 56,910                              |
| Long-term debt outstanding                 |                                    |                                    | 92,838                              | 105,273                             | 92,838                                 | 105,273                                |
| <b>Total liabilities</b>                   | <b>\$ ...</b>                      | <b>\$ 13,433</b>                   | <b>\$ 135,737</b>                   | <b>\$ 148,750</b>                   | <b>\$ 135,737</b>                      | <b>\$ 162,183</b>                      |
| <b>Net assets:</b>                         |                                    |                                    |                                     |                                     |  |  |
| Invested in capital assets,<br>net of debt | \$ 69,091                          | \$ 75,331                          | \$ 1,288,196                        | \$ 1,296,650                        | \$ 1,357,287                           | \$ 1,371,981                           |
| Restricted for:                            |                                    |                                    |                                     |                                     |  |  |
| Class "C" road                             | 60,538                             | 55,003                             |                                     |                                     | 60,538                                 | 55,003                                 |
| Unrestricted                               | 4,849                              | (1,538)                            | (14,467)                            | (20,933)                            | (9,618)                                | (22,471)                               |
| <b>Total net assets</b>                    | <b>\$ 134,478</b>                  | <b>\$ 128,796</b>                  | <b>\$ 1,273,729</b>                 | <b>\$ 1,275,717</b>                 | <b>\$ 1,408,207</b>                    | <b>\$ 1,404,513</b>                    |

Net Assets total of the Town's governmental activities increased by 4.41 percent (\$128,796 compared to \$134,478). *Unrestricted* net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – are \$4,849 at the end of June 30, 2006.

Net Assets of our business-type activities decreased .16 percent (\$1,275,717 compared to \$1,273,729). Unrestricted net assets for this group, amount to (\$14,467).

Table 2  
Changes in Net Assets

|   | Governmental<br>Activities<br>2006 | Governmental<br>Activities<br>2005 | Business-type<br>Activities<br>2006 | Business-type<br>Activities<br>2005 | Total<br>Primary<br>Government<br>2006 | Total<br>Primary<br>Government<br>2005 |
|---|------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|--|--|
| <b>Revenues</b>                         |                                    |                                    |                                     |                                     |  |  |
| <b>Program Revenues:</b>                |                                    |                                    |                                     |                                     |  |  |
| Charges for services                    | \$ 1,860                           | \$ 530                             | \$ 90,680                           | \$ 52,671                           | \$ 92,540                              | \$ 53,201                              |
| Operating grants and contrib.           | 2,500                              |                                    |                                     |                                     | 2,500                                  |  |
| Capital grants and contributions        | 6,680                              | 5,725                              |                                     |                                     | 6,680                                  | 5,725                                  |
| <b>General Revenues:</b>                |                                    |                                    |                                     |                                     |  |  |
| Sales and property taxes                | 7,118                              | 6,413                              |                                     |                                     | 7,118                                  | 6,413                                  |
| Other general revenue                   | 599                                | 201                                | 77                                  |                                     | 676                                    | 201                                    |
| Total revenues                          | \$ 18,757                          | \$ 12,869                          | \$ 90,757                           | \$ 52,671                           | \$ 109,514                             | \$ 65,540                              |
| <b>Program Expenses</b>                 |                                    |                                    |                                     |                                     |  |  |
| General government                      | \$ 24,121                          | \$ 16,281                          |                                     |                                     | \$ 24,121                              | \$ 16,281                              |
| Water and sewer                         |                                    |                                    | \$ 81,745                           | \$ 73,331                           | 81,745                                 | 73,331                                 |
| Total expenses                          | \$ 24,121                          | \$ 16,281                          | \$ 81,745                           | \$ 73,331                           | \$ 105,866                             | \$ 89,612                              |
| Excess (deficiency)<br>before transfers | \$ (5,364)                         | \$ (3,412)                         | \$ 9,012                            | \$ (20,660)                         | \$ 3,648                               | \$ (24,072)                            |
| Transfers in (out)                      | 11,000                             | 6,000                              | (11,000)                            | (6,000)                             |  |  |
| Change in net assets                    | \$ 5,636                           | \$ 2,588                           | \$ (1,988)                          | \$ (26,660)                         | \$ 3,648                               | \$ (24,072)                            |
| Net Assets - beginning                  | \$ 128,842                         | \$ 126,254                         | \$ 1,275,717                        | \$ 1,302,377                        | \$ 1,404,559                           | \$ 1,428,631                           |
| Net Assets - ending                     | 134,478                            | 128,842                            | 1,273,729                           | 1,275,717                           | 1,408,207                              | 1,404,559                              |
| Change in net assets                    | \$ 5,636                           | \$ 2,588                           | \$ (1,988)                          | \$ (26,660)                         | \$ 3,648                               | \$ (24,072)                            |

The Town's operational goals for future years is to continue to strive to use the allotted funds in the best interest of the Town and those who are served by the Town's operations. As revenues increase, the funds will be used to make necessary improvements in government operations, water and sewer improvements and purchase of supplies and equipment that are appropriate and beneficial.

### **Governmental Activities**

Revenues for the Town's governmental type activities, increased \$5,888, a 46.1 percent increase. Total expenses using these funds increased \$7,840, an increase of 48.15 percent. The largest increase in revenue was in grant proceeds that occurred in the current year. The largest sources of funds are Sales and use taxes and Property taxes. An overall increase in the revenues of approximately 46.1 percent compared to an increase of approximately 48.15 percent in expenditures has caused the increase in the net assets for governmental activities from the previous year. A change of \$5,636 in the current year compared to \$2,588 in the previous year.

The cost of all governmental activities this year was \$24,121. As shown in the Statement of Activities on page 9, Tax revenue and capital grants and contributions paid for the majority of these activities. Overall, the Town's governmental program revenues of \$11,040 paid 45.77 percent of the governmental activities expenditures.

### **Business-type Activities**

Revenues of the Town's business-type activities increased 72.31 percent (\$52,671 compared to \$90,757) while expenses increased 11.47 percent (\$73,331 compared to \$81,745).

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, Scofield Town did not amend their budget.

The actual charges for expenditures in the general fund were \$17,740. This was \$8,060 below the budgeted amount. Resources for revenues in the general fund were \$18,707. This was \$7,093 below the budgeted amount.

## **DEBT MANAGEMENT**

As of June 30, 2006 the Town had \$105,273 in long-term debt outstanding. The debt represents a loan with the Community Impact Board. There has been no new debt issued during the current fiscal year. More detailed information about the Town's long-term liabilities is presented in Note 6 to the financial statements.

## **CAPITAL ASSETS**

As of June 30, 2006, the Town had net capital assets of \$1,462,560 invested in a broad range of capital assets, including land, water, building, improvements, machinery and equipment, and community center. (See Table 3 below). This amount represents a net decrease of \$26,871, or a 1.84 percent decrease over the previous year.

**Table 3**  
**Capital Assets at Year-End**  
**(Net of Depreciation)**  
**June 30, 2006**

|                                      | <b>Governmental<br/>Activities</b> | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Totals<br/>Primary<br/>Government</b> | <b>Totals<br/>Primary<br/>Government</b> |
|--------------------------------------|------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|--|--|
|                                      | <b>2006</b>                        | <b>2005</b>                        | <b>2006</b>                         | <b>2005</b>                         | <b>2006</b>                              | <b>2005</b>                              |
| Land and water                       | \$ 8,302                           | \$ 8,302                           | \$ 42,065                           | \$ 42,065                           | \$ 50,367                                | \$ 50,367                                |
| Buildings                            | 5,126                              | 5,860                              |                                     |                                     | 5,126                                    | 5,860                                    |
| Improvements other<br>than buildings |                                    |                                    | 1,334,913                           | 1,366,020                           | 1,334,913                                | 1,366,020                                |
| Machinery/equipment                  | 533                                | 1,066                              | 16,491                              | 5,969                               | 17,024                                   | 7,035                                    |
| Community center                     | 55,130                             | 60,149                             |                                     |                                     | 55,130                                   | 60,149                                   |
| <b>Total assets<br/>activities</b>   | <b>\$ 69,091</b>                   | <b>\$ 75,377</b>                   | <b>\$ 1,393,469</b>                 | <b>\$ 1,414,054</b>                 | <b>\$ 1,462,560</b>                      | <b>\$ 1,489,431</b>                      |

This year's major additions included:

|                                |          |
|--------------------------------|----------|
| Snow plow truck                | \$12,500 |
| Hydrant housed by utility shed | 1,525    |

The Town's fiscal year 2007 capital budget will expend additional funds for equipment on an as needed basis.

### **ECONOMIC FORECAST AND FUTURE BUDGET**

It is anticipated that economic conditions will stay constant over the upcoming year and the 2007 budget will be similar to past budgets.

### **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of Scofield Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor at 155 East Ivy Street, HC 35 Box 560, Helper, Utah 84526-9806.

**SCOFIELD TOWN  
STATEMENT OF NET ASSETS  
JUNE 30, 2006**

|   | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTALS       |
|---|----------------------------|-----------------------------|--------------|
| <u>ASSETS</u>                                     |                            |                             |              |
| CURRENT ASSETS                                    |                            |                             |              |
| Cash  | \$ 4,386                   | \$ 15,997                   | \$ 20,383    |
| Cash, restricted                                  | 4,424                      |                             | 4,424        |
| Taxes receivable                                  | 17,366                     |                             | 17,366       |
| Due from other governments                        | 14,308                     |                             | 14,308       |
| Internal balances                                 | 28,359                     | (28,359)                    |              |
| Total current assets                              | \$ 68,843                  | \$ (12,362)                 | \$ 56,481    |
| PROPERTY AND EQUIPMENT                            |                            |                             |              |
| Land and water                                    | \$ 8,302                   | \$ 42,065                   | \$ 50,367    |
| Buildings and improvements                        | 5,126                      |                             | 5,126        |
| Improvements                                      |                            | 1,334,913                   | 1,334,913    |
| Machinery and equipment                           | 533                        | 16,491                      | 17,024       |
| Community center                                  | 55,130                     |                             | 55,130       |
| Net property and equipment                        | \$ 69,091                  | \$ 1,393,469                | \$ 1,462,560 |
| Total assets                                      | \$ 137,934                 | \$ 1,381,107                | \$ 1,519,041 |
| <u>LIABILITIES</u>                                |                            |                             |              |
| CURRENT LIABILITIES                               |                            |                             |              |
| Accrued interest payable                          |                            | \$ 2,105                    | \$ 2,105     |
| Revenue bonds, current                            |                            | 12,435                      | 12,435       |
| Deferred revenue                                  | \$ 3,456                   |                             | 3,456        |
| Total current liabilities                         | \$ 3,456                   | \$ 14,540                   | \$ 17,996    |
| NON-CURRENT LIABILITIES                           |                            |                             |              |
| Revenue bonds, non-current                        |                            | \$ 92,838                   | \$ 92,838    |
| Total non-current liabilities                     | \$ . . .                   | \$ 92,838                   | \$ 92,838    |
| Total liabilities                                 | \$ 3,456                   | \$ 107,378                  | \$ 110,834   |
| <u>NET ASSETS</u>                                 |                            |                             |              |
| Investment in capital assets, net of related debt | \$ 69,091                  | \$ 1,288,196                | \$ 1,357,287 |
| Restricted for "C" road                           | 60,538                     |                             | 60,538       |
| Unrestricted                                      | 4,849                      | (14,467)                    | (9,618)      |
| Total net assets                                  | \$ 134,478                 | \$ 1,273,729                | \$ 1,408,207 |

"See Accompanying Notes and Accountants' Compilation Report."

SCOTFIELD TOWN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

| FUNCTION/PROGRAMS                    | PROGRAM REVENUES |                            |  |  | NET (EXPENSE) REVENUE AND<br>CHANGE IN NET ASSETS |   |              |
|--------------------------------------|------------------|----------------------------|--|--|---|---|--------------|
|                                      | EXPENSES         | CHARGES<br>FOR<br>SERVICES | OPERATING<br>GRANTS AND<br>CONTRIBUTIONS | CAPITAL<br>GRANTS AND<br>CONTRIBUTIONS | GOVERNMENTAL<br>ACTIVITIES                        | PRIMARY GOVERNMENT<br>BUSINESS-TYPE<br>ACTIVITIES | TOTAL        |
|                                      |                  |                            |  |  |   |   |              |
| <b>Primary government:</b>           |                  |                            |  |  |   |   |              |
| <b>Governmental activities:</b>      |                  |                            |  |  |   |   |              |
| General government                   | \$ 24,121        | \$ 1,860                   | \$ 2,500                                 | \$ 6,680                               | \$ (13,081)                                       |   | \$ (13,081)  |
| Total governmental activities        | \$ 24,121        | \$ 1,860                   | \$ 2,500                                 | \$ 6,680                               | \$ (13,081)                                       |   | \$ (13,081)  |
| <b>Business-type activities:</b>     |                  |                            |  |  |   |   |              |
| Water and sewer                      | \$ 81,746        | \$ 90,680                  |  |  |   | \$ 8,934  | \$ 8,934     |
| Total business-type activities       | \$ 81,746        | \$ 90,680                  | \$ ...                                   | \$ ...                                 | \$ ...  | \$ 8,934  | \$ 8,934     |
| Total primary government             | \$ 105,867       | \$ 92,540                  | \$ 2,500                                 | \$ 6,680                               | \$ (13,081)                                       | \$ 8,934  | \$ (4,147)   |
| <b>General revenues:</b>             |                  |                            |  |  |   |   |              |
| Property taxes                       |                  |                            |  |  | \$ 3,691  | \$  | \$ 3,691     |
| Sales and franchise taxes            |                  |                            |  |  | 3,427   |   | 3,427        |
| Unrestricted investment earnings     |                  |                            |  |  | 74  |   | 74           |
| Miscellaneous                        |                  |                            |  |  | 525   | \$ 78   | 603          |
| Transfers in (out)                   |                  |                            |  |  | 11,000  | (11,000)  |              |
| Total general revenues and transfers |                  |                            |  |  | \$ 18,717   | \$ (10,922)                                       | \$ 7,795     |
| Change in net assets                 |                  |                            |  |  | \$ 5,636  | \$ (1,988)  | \$ 3,648     |
| Net assets - beginning               |                  |                            |  |  | 128,842   | 1,275,717   | 1,404,559    |
| Net assets - ending                  |                  |                            |  |  | \$ 134,478  | \$ 1,273,729                                      | \$ 1,408,207 |

"See Accompanying Notes and Accountants' Compilation Report."

**SCOFIELD TOWN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006**

|   | <u>GENERAL</u>    | <u>CAPITAL<br/>PROJECTS</u> | <u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u> |
|---|-------------------|-----------------------------|---|
| <b><u>ASSETS</u></b>                        |                   |                             |   |
| Cash  | \$ 4,386          |                             | \$ 4,386                                |
| Cash restricted                             | 4,424             |                             | 4,424                                   |
| Taxes receivable                            | 17,366            |                             | 17,366                                  |
| Due from other governments                  | 14,308            |                             | 14,308                                  |
| Due from other funds                        |                   | \$ 32,964                   | 32,964                                  |
|   | <u>          </u> | <u>          </u>           | <u>          </u>                       |
| Total assets                                | <u>\$ 40,484</u>  | <u>\$ 32,964</u>            | <u>\$ 73,448</u>                        |
| <b><u>LIABILITIES AND FUND BALANCES</u></b> |                   |                             |   |
| <b>LIABILITIES:</b>                         |                   |                             |   |
| Due to other funds                          | \$ 4,605          |                             | \$ 4,605                                |
| Deferred revenue                            | 3,456             |                             | 3,456                                   |
|   | <u>          </u> | <u>          </u>           | <u>          </u>                       |
| Total liabilities                           | <u>\$ 8,061</u>   | <u>\$ ...</u>               | <u>\$ 8,061</u>                         |
| <b>FUND BALANCES:</b>                       |                   |                             |   |
| Reserved for class "C" road                 | \$ 60,538         |                             | \$ 60,538                               |
| Unreserved                                  | (28,115)          | \$ 32,964                   | 4,849                                   |
|   | <u>          </u> | <u>          </u>           | <u>          </u>                       |
| Total fund balances                         | <u>\$ 32,423</u>  | <u>\$ 32,964</u>            | <u>\$ 65,387</u>                        |
|   | <u>          </u> | <u>          </u>           | <u>          </u>                       |
| Total liabilities and fund balances         | <u>\$ 40,484</u>  | <u>\$ 32,964</u>            | <u>\$ 73,448</u>                        |

"See Accompanying Notes and Accountants' Compilation Report."

**SCOFIELD TOWN**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2006**

Total fund balances - governmental fund types: \$ 65,387

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and,  
therefore are not reported in the funds. Amounts shown are net of depreciation.

|                            |               |               |
|----------------------------|---------------|---------------|
| Land and water             | \$ 8,302      |               |
| Buildings and improvements | 5,126         |               |
| Machinery and equipment    | 533           |               |
| Community center           | <u>55,130</u> | <u>69,091</u> |

|                                       |                          |
|---------------------------------------|--------------------------|
| Net assets of governmental activities | \$ <u><u>134,478</u></u> |
|---------------------------------------|--------------------------|

"See Accompanying Notes and Accountants Compilation Report."

**SCOFIELD TOWN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

|   | <u>GENERAL</u>   | <u>CAPITAL<br/>PROJECTS</u> | <u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u> |
|---|------------------|-----------------------------|---|
| <b>REVENUES:</b>  |                  |                             |   |
| Taxes   | \$ 7,118         |                             | \$ 7,118                                |
| Intergovernmental   | 6,680            |                             | 6,680                                   |
| Charges for services  | 1,860            |                             | 1,860                                   |
| Interest  | 25               | \$ 49                       | 74                                      |
| Donations   | 2,500            |                             | 2,500                                   |
| Miscellaneous   | 524              |                             | 524                                     |
|   | <hr/>            | <hr/>                       | <hr/>                                   |
| Total revenues  | \$ 18,707        | \$ 49                       | \$ 18,756                               |
|   | <hr/>            | <hr/>                       | <hr/>                                   |
| <b>EXPENDITURES:</b>  |                  |                             |   |
| Current -   |                  |                             |   |
| General government  | \$ 17,740        | \$ 94                       | \$ 17,834                               |
|   | <hr/>            | <hr/>                       | <hr/>                                   |
| Total expenditures  | \$ 17,740        | \$ 94                       | \$ 17,834                               |
|   | <hr/>            | <hr/>                       | <hr/>                                   |
| Excess of revenue over (under)<br>expenditures                                      | \$ 967           | \$ (45)                     | \$ 922                                  |
|   | <hr/>            | <hr/>                       | <hr/>                                   |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                  |                             |   |
| Transfer in   | \$ 11,000        |                             | \$ 11,000                               |
|   | <hr/>            | <hr/>                       | <hr/>                                   |
| Total other financing sources (uses)  | \$ 11,000        | \$ ...                      | \$ 11,000                               |
|   | <hr/>            | <hr/>                       | <hr/>                                   |
| Excess of revenues and other<br>sources over (under) expenditures<br>and other uses | \$ 11,967        | \$ (45)                     | \$ 11,922                               |
|   | <hr/>            | <hr/>                       | <hr/>                                   |
| FUND BALANCE, July 1, 2005  | 20,456           | 33,009                      | 53,465                                  |
|   | <hr/>            | <hr/>                       | <hr/>                                   |
| FUND BALANCE, June 30, 2006   | <u>\$ 32,423</u> | <u>\$ 32,964</u>            | <u>\$ 65,387</u>                        |

"See Accompanying Notes and Accountants' Compilation Report."

**SCOFIELD TOWN**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2006**

|   |           |
|---|-----------|
| Net changes in fund balances - total governmental funds | \$ 11,922 |
|---|-----------|

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$0) was exceeded by depreciation (\$6,286) in the current period.

|         |
|---------|
| (6,286) |
|---------|

|   |
|---|
| Change in net assets of governmental activities |
|---|

|          |
|----------|
| \$ 5,636 |
|----------|

"See Accompanying Notes and Accountants' Compilation Report."

SCOFIELD TOWN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2006

|   | <u>BUSINESS-TYPE<br/>ACTIVITIES</u> |
|---|-------------------------------------|
| <u>ASSETS</u>                                     |                                     |
| CURRENT ASSETS                                    |                                     |
| Cash  | \$ 15,997                           |
| Total current assets                              | <u>\$ 15,997</u>                    |
| PROPERTY AND EQUIPMENT                            |                                     |
| Land and water                                    | \$ 42,065                           |
| Improvements                                      | 1,838,215                           |
| Machinery and equipment                           | 165,440                             |
| Less: accumulated depreciation                    | <u>(652,251)</u>                    |
| Net property and equipment                        | <u>\$ 1,393,469</u>                 |
| Total assets                                      | <u><u>\$ 1,409,466</u></u>          |
| <u>LIABILITIES</u>                                |                                     |
| CURRENT LIABILITIES                               |                                     |
| Due to other funds                                | \$ 28,359                           |
| Accrued interest payable                          | 2,105                               |
| Revenue bonds payable, current                    | <u>12,435</u>                       |
| Total current liabilities                         | <u>\$ 42,899</u>                    |
| NON-CURRENT LIABILITIES                           |                                     |
| Revenue bonds - non-current                       | <u>\$ 92,838</u>                    |
| Total non-current liabilities                     | <u>\$ 92,838</u>                    |
| Total liabilities                                 | <u>\$ 135,737</u>                   |
| <u>NET ASSETS</u>                                 |                                     |
| Investment in capital assets, net of related debt | \$ 1,288,196                        |
| Unrestricted                                      | <u>(14,467)</u>                     |
| Total net assets                                  | <u>\$ 1,273,729</u>                 |
| Total liabilities and net assets                  | <u><u>\$ 1,409,466</u></u>          |

"See Accompanying Notes and Accountants' Compilation Report."

**SCOFIELD TOWN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET ASSETS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**OPERATING REVENUES:**

|                          |                  |
|--------------------------|------------------|
| Charges for services     | \$ 90,680        |
| Total operating revenues | <u>\$ 90,680</u> |

**OPERATING EXPENSES:**

|                          |                  |
|--------------------------|------------------|
| Salaries and benefits    | \$ 7,883         |
| Contract labor           | 708              |
| Supplies                 | 2,919            |
| Utilities                | 10,095           |
| Water samples            | 175              |
| Repairs and maintenance  | 10,415           |
| Vehicle expense          | 1,551            |
| Insurance                | 6,608            |
| Professional fees        | 2,242            |
| Dues and subscriptions   | 260              |
| Training                 | 755              |
| Taxes and licenses       | 200              |
| Depreciation             | 35,109           |
| Miscellaneous            | <u>57</u>        |
| Total operating expenses | <u>\$ 78,977</u> |
| Operating income (loss)  | <u>\$ 11,703</u> |

**NON-OPERATING REVENUES/(EXPENSES):**

|   |                            |
|---|----------------------------|
| Interest expense                        | \$ (2,769)                 |
| Miscellaneous income                    | <u>78</u>                  |
| Total non-operating revenues (expenses) | <u>\$ (2,691)</u>          |
| Income before transfers                 | \$ 9,012                   |
| Transfer out                            | <u>(11,000)</u>            |
| Change in net assets                    | \$ (1,988)                 |
| Total net assets, beginning             | <u>1,275,717</u>           |
| Total net assets, ending                | <u><u>\$ 1,273,729</u></u> |

"See Accompanying Notes and Accountants' Compilation Report."

**SCOFIELD TOWN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

|  |                |           |
|--|----------------|-----------|
| Cash received from customers                     | \$ 86,879      |           |
| Cash paid to vendors                             | (35,225)       |           |
| Cash paid to employees for services              | <u>(5,480)</u> |           |
| Net cash provided (used) by operating activities |                | \$ 46,174 |

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

|   |                    |          |
|---|--------------------|----------|
| Transfer out  | <u>\$ (11,000)</u> |          |
| Net cash provided (used) by noncapital financing activities |                    | (11,000) |

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

|   |                 |                         |
|---|-----------------|-------------------------|
| Principal payments on bonds   | \$ (12,131)     |                         |
| Interest paid on revenue bonds  | (2,935)         |                         |
| Purchase of fixed asset   | <u>(14,524)</u> |                         |
| Total cash provided (used) for capital and related financing activities |                 | <u>(29,590)</u>         |
| Net (decrease) increase in cash and cash equivalents                    |                 | \$ 5,584                |
| Cash and cash equivalents, Beginning of year                            |                 | <u>10,413</u>           |
| Cash and cash equivalents, End of year                                  |                 | <u><u>\$ 15,997</u></u> |

**RECONCILIATION OF NET INCOME TO CASH PROVIDED (USED)****BY OPERATING ACTIVITIES:**

|   |              |               |
|---|--------------|---------------|
| Operating income (loss)   |              | \$ 11,703     |
| Adjustments to reconcile operating income to cash provided by operating activities: |              |               |
| Depreciation  | \$ 35,109    |               |
| Non-cash operating revenue (expenses)   | 78           |               |
| Increase (decrease) in due to other funds   | <u>(716)</u> |               |
| Total adjustments   |              | <u>34,471</u> |

**NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

\$ 46,174

"See Accompanying Notes and Accountants' Compilation Report."

**SCOFIELD TOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Scofield Town is located in the central area of the State of Utah. It was incorporated as a town in 1892. Scofield operates under a Mayor and Town Council form of government and provides the following services: highway and streets, utilities and general government services.

The accompanying statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. All financial activities over which the Town has financial accountability are included in this report. The inclusion or exclusion of an entity was based on the criteria set forth in the Governmental Accounting Standards Board (GASB) pronouncements. The basic criteria for including an entity, a board, or agency in this report is the existence and exercise of financial accountability by elected officials of the Town. In addition to financial accountability, consideration has been given to financial interdependency, ability to designate management, ability to significantly influence operation, and accountability for fiscal matters. From review of appropriate standards and circumstances of the Town, it was determined that Scofield Town has no component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Town as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Town general revenue, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

The statement of net assets is the basic government-wide statement of position that presents all of the Town's permanent accounts (assets, liabilities, and net assets).

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. **Government-Wide and Fund Financial Statements (Continued)**

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing ongoing operations; they usually come from exchange or non-exchange transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods or services, such as materials and labor and direct overhead. Other expenses are nonoperating.

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund. Revenues are reported when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses). Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, property taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first then unrestricted resources, as they are needed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Town reports the following major government funds:

General fund – The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital assets.

The Town also reports an enterprise fund, which accounts for transactions relating to the Town's water and sewer services.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed both in the government wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

D. Capital Assets

Capital assets, which include: land and water, building and improvements, improvements, machinery and equipment and community center are reported in the government-wide financial statements. The Town defines capital assets as assets with an initial individual cost of \$50 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Building and improvements, improvements, machinery and equipment, and community center of the Town are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u>              | <u>Years</u> |
|----------------------------|--------------|
| Buildings and improvements | 20           |
| Improvements               | 5 – 60       |
| Machinery and equipment    | 5 – 7        |
| Community center           | 20           |

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. **Budgets and Budgetary Accounting**

Budgets are presented on the modified accrual basis of accounting for all governmental funds. All annual appropriations lapse at year-end. The following procedures are used in establishing the budgetary date reflected in the financial statements.

1. During May of each year, the Mayor submits to the Town Council a proposed operating budget for the next fiscal year commencing July 1<sup>st</sup>. The operating budget includes proposed expenditures and the proposed sources of revenues. A final budget for the current year ending June 30 is also included.
2. Copies of the proposed budget are made available for public inspection and review by the citizens of the Town.
3. If the Town does not exceed the certified tax rate, a public hearing is held prior to June 22 and the budget is legally adopted through passage of a resolution. If the Town exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.
4. Once adopted, the budget can be amended by subsequent Town Council action. The Town Council can approve reductions in appropriations, but increases in appropriations, by fund, require a public hearing prior to amending the budget. In accordance with Utah State law, interim adjustments may be made by the administrative transfer of money from one appropriation to another within any given fund.
5. Expenditures may not legally exceed budgeted appropriations at the department level for the General Fund and the fund level for all other funds.

F. **Cash Equivalents**

For purposes of the statement of cash flow, each fund's allocated portion of pooled cash is considered to be cash equivalents. All cash held by Scofield Town is considered cash equivalents.

G. **Estimates**

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. **DEPOSITS AND INVESTMENTS**

The Town's deposits and investments are governed by the Utah Money Management Act (Utah Code, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

The Town follows the requirements of the Utah Money Management Act (the Act) in handling its depository and temporary transactions. This law requires the depositing of Town funds in a "qualified depository". The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

2. **DEPOSITS AND INVESTMENTS (Continued)**

**Deposits**

The Town maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as cash. Income from the investment of the pooled cash is allocated based on each fund's portion of the pool. In addition, cash is separately held by individual funds.

***Custodial Credit Risk***

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal deposit policy for custodial risk. At June 30, 2006, the Town's bank balance of cash on deposit was \$26,426. All of this amount, \$26,426 was insured.

The Town currently has no Investments.

3. **PROPERTY TAXES**

The property tax revenue of the Town is collected and distributed by the Carbon County treasurer as an agent of the Town. Utah statutes establish the process by which taxes are levied and collected. The county assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the county auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The county auditor makes approved changes in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at an annual rate equal to the federal discount rate plus 6%; the interest period is from January 1 until the date paid.

As of June 30, 2006, property taxes receivable consist of 1) delinquent taxes assessed but uncollected for calendar year 2005 and earlier and 2) taxes assessed as of January 1, 2006, but are not due and payable until November 30, 2006. It is expected that all delinquencies, plus accrued interest and penalties, will be collected within a five-year period, during which time, the county treasurer may force the sale of property to collect the delinquent portion. Only the portion of property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements.

Beginning January 1, 1992, there was levied, in lieu of the ad valorem tax, an annual uniform fee based on the value of motor vehicles. The uniform fee was 1.5% of the fair market statewide value of the property, as established by the State Tax Commission. On January 1, 1999, legislation became effective which made motor vehicles weighing 12,000 pounds or less subject to an "age-based" fee that is due each time the vehicle is registered. The revenues collected in each county, from the uniform fee, are distributed by the county to each taxing entity in which the property is located, in the same proportion in which, revenue collected from ad valorem real property tax is distributed. The Town recognizes age-based fees as revenues when collected by the county.

4. **CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

|  | <b><u>Beginning<br/>Balance</u></b> | <b><u>Increases</u></b> | <b><u>Decreases</u></b> | <b><u>Ending<br/>Balance</u></b> |
|--|-------------------------------------|-------------------------|-------------------------|----------------------------------|
| <b>Primary Government<br/>Governmental Activities:</b> |                                     |                         |                         |                                  |
| Capital assets not being<br>depreciated:               |                                     |                         |                         |                                  |
| Land and water   | <u>\$ 8,302</u>                     | <u>\$ ...</u>           | <u>\$ ...</u>           | <u>\$ 8,302</u>                  |
| Capital assets being<br>depreciated:                   |                                     |                         |                         |                                  |
| Building and improvements                              | <u>\$ 14,688</u>                    |                         |                         | <u>\$ 14,688</u>                 |
| Machinery and equipment                                | <u>12,670</u>                       |                         |                         | <u>12,670</u>                    |
| Community center                                       | <u>100,380</u>                      |                         |                         | <u>100,380</u>                   |
| Total capital assets<br>being depreciated:             | <u>\$ 127,738</u>                   | <u>\$ ...</u>           | <u>\$ ...</u>           | <u>\$ 127,738</u>                |
| Less accumulated<br>depreciation for:                  |                                     |                         |                         |                                  |
| Building and improvements                              | <u>\$ 8,828</u>                     | <u>\$ 734</u>           |                         | <u>\$ 9,562</u>                  |
| Machinery and equipment                                | <u>11,604</u>                       | <u>533</u>              |                         | <u>12,137</u>                    |
| Community center                                       | <u>40,231</u>                       | <u>5,019</u>            |                         | <u>45,250</u>                    |
| Total accumulated<br>depreciation                      | <u>\$ 60,663</u>                    | <u>\$ 6,286</u>         | <u>\$ ...</u>           | <u>\$ 66,949</u>                 |
| Capital assets being<br>depreciated, net               | <u>\$ 67,075</u>                    | <u>\$ (6,286)</u>       | <u>\$ ...</u>           | <u>\$ 60,789</u>                 |
| Governmental activities<br>capital assets, net         | <u>\$ 75,377</u>                    | <u>\$ (6,286)</u>       | <u>\$ ...</u>           | <u>\$ 69,091</u>                 |

4. **CAPITAL ASSETS (Continued)**

|  | <b><u>Beginning<br/>Balance</u></b> | <b><u>Increases</u></b>   | <b><u>Decreases</u></b> | <b><u>Ending<br/>Balance</u></b> |
|--|-------------------------------------|---------------------------|-------------------------|----------------------------------|
| <b>Business-type Activities:</b>                 |                                     |                           |                         |                                  |
| Capital assets not being<br>depreciated:         |                                     |                           |                         |                                  |
| Land   | <u>\$ 42,065</u>                    | <u>\$ ...</u>             | <u>\$ ...</u>           | <u>\$ 42,065</u>                 |
| Capital assets being<br>depreciated:             |                                     |                           |                         |                                  |
| Improvements                                     | <u>\$ 1,838,215</u>                 |                           |                         | <u>\$ 1,838,215</u>              |
| Machinery and equipment                          | <u>150,916</u>                      | <u>\$ 14,524</u>          |                         | <u>165,440</u>                   |
| Total capital assets<br>being depreciated:       | <u>\$ 1,989,131</u>                 | <u>\$ 14,524</u>          | <u>\$ ...</u>           | <u>\$ 2,003,655</u>              |
| Less accumulated<br>depreciation for:            |                                     |                           |                         |                                  |
| Improvements                                     | <u>\$ 472,195</u>                   | <u>\$ 31,107</u>          |                         | <u>\$ 503,302</u>                |
| Machinery and equipment                          | <u>144,947</u>                      | <u>4,002</u>              |                         | <u>148,949</u>                   |
| Total accumulated<br>depreciation                | <u>\$ 617,142</u>                   | <u>\$ 35,109</u>          | <u>\$ ...</u>           | <u>\$ 652,251</u>                |
| Capital assets being<br>depreciated, net         | <u>\$ 1,371,989</u>                 | <u>\$ (20,585)</u>        | <u>\$ ...</u>           | <u>\$ 1,351,404</u>              |
| Business-type activities,<br>capital assets, net | <u><u>\$ 1,414,054</u></u>          | <u><u>\$ (20,585)</u></u> | <u><u>\$ ...</u></u>    | <u><u>\$ 1,393,469</u></u>       |

4. **CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

|                           |                  |
|---------------------------|------------------|
| Governmental Activities:  |                  |
| General government        | \$ 6,286         |
| Business-type Activities: |                  |
| Water and sewer           | <u>35,109</u>    |
|                           | <u>\$ 41,395</u> |

5. **RESTRICTED NET ASSETS**

General Fund

The following net assets in the general fund have been restricted at June 30, 2006 as follows:

|                |                  |
|----------------|------------------|
| "C" Road Funds | <u>\$ 60,538</u> |
|----------------|------------------|

6. **LONG-TERM DEBT**

Scofield Town entered into an agreement with the Community Impact Board (CIB) of the State of Utah, to borrow \$277,600. The Town may draw on the CIB funds up to \$277,600. Repayment of the loan funds began on October 1, 1990, in installments of \$15,067.00 and continue until October 1, 2013. The loan carries an interest rate of 2.5 percent. The repayment schedule is as follows:

**BUSINESS-TYPE ACTIVITIES**

| DATE<br>PAYMENT<br>DUE | PRINCIPAL<br>DUE  | INTEREST<br>CHARGES | TOTAL<br>PRINCIPAL<br>AND<br>INTEREST |
|------------------------|-------------------|---------------------|---------------------------------------|
| 2007                   | \$ 12,435         | \$ 2,632            | \$ 15,067                             |
| 2008                   | 12,746            | 2,321               | 15,067                                |
| 2009                   | 13,065            | 2,002               | 15,067                                |
| 2010                   | 13,391            | 1,676               | 15,067                                |
| 2011                   | 13,726            | 1,341               | 15,067                                |
| 2012-2013              | 39,910            | 1,644               | 41,554                                |
| Total                  | <u>\$ 105,273</u> | <u>\$ 11,616</u>    | <u>\$ 116,889</u>                     |

6. **LONG-TERM DEBT (Continued)**

Change in long-term debt for Scofield Town during the year ended June 30, 2006 is as follows:

**BUSINESS-TYPE ACTIVITIES**

|                                | Balance<br>7-1-05 | New<br>Issues | Debt<br>Repayment | Balance<br>6-30-06 | Due Within<br>One Year |
|--------------------------------|-------------------|---------------|-------------------|--------------------|------------------------|
| Community Impact<br>Board Loan | \$ 117,404        | \$ ...        | \$ (12,131)       | \$ 105,273         | \$ 12,435              |

7. **RETIREMENT PLAN**

The Town has part time employees, but pays no retirement benefits.

8. **RESTRICTED CASH**

Restricted cash shown in the General Fund on the balance sheet represent amounts held for the future use in the "C" Road account

9. **RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To more economically cover these liabilities, the Town joined together with other cities and governmental entities to form a public entity risk pool that operates as a common risk management and insurance program. The Town pays an annual premium to the risk management pool for its third party liability insurance coverage. The agreement forming the risk management pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial company at various levels of risk. The town continues to carry commercial insurance for all other risks of loss, including workers compensation.

10. **TAXES RECEIVABLE AND DUE FROM OTHER GOVERNMENTS**

The Taxes receivable section on the Statement of Net Assets includes \$7,118 of current year receivable and \$6,792 of prior years receivable. These amounts include state sales tax, liquor tax, and property tax.

The amount of current year, due from other governments, is \$6,680, and prior years is \$7,628. This is the amount of B and C Road distributions due to Scofield Town.

These amounts are being held because Scofield Town has not submitted a certified budget for the fiscal year 2006.

11. **INTERFUND BALANCES AND TRANSFERS**

**Internal Balances**

Internal fund balances exist to help provide operational funds. Included in internal balances on the financial statements are individual fund receivable and payable balances at June 30, 2006, as follows:

|                         | <u>DUE FROM<br/>OTHER<br/>FUNDS</u> | <u>DUE TO<br/>OTHER<br/>FUNDS</u> |
|-------------------------|-------------------------------------|-----------------------------------|
| Capital Projects Fund   | \$ 32,964                           |                                   |
| General Fund            |                                     | \$ 4,605                          |
| Water and Sewer Fund    |                                     | <u>28,359</u>                     |
| Total internal balances | <u>\$ 32,964</u>                    | <u>\$ 32,964</u>                  |

**Transfers**

Interfund transfers during the year ended June 30, 2006 were as follows:

|                      | <u>TRANSFER<br/>IN</u> | <u>TRANSFER<br/>OUT</u> |
|----------------------|------------------------|-------------------------|
| General Fund         | \$ 11,000              |                         |
| Water and Sewer Fund |                        | <u>\$ 11,000</u>        |
| Total transfers      | <u>\$ 11,000</u>       | <u>\$ 11,000</u>        |

**SCOFIELD TOWN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2006**

|   | <u>BUDGET AMOUNTS</u> |              | <u>ACTUAL</u>  | <u>VARIANCE</u>      |
|---|-----------------------|--------------|----------------|----------------------|
|   | <u>ORIGINAL</u>       | <u>FINAL</u> | <u>AMOUNTS</u> | <u>WITH</u>          |
|   |                       |              |                | <u>FINAL BUDGET</u>  |
|   |                       |              |                | <u>FAVORABLE</u>     |
|   |                       |              |                | <u>(UNFAVORABLE)</u> |
| <b>REVENUES:</b>  |                       |              |                |                      |
| Taxes   | \$ 6,900              | \$ 6,900     | \$ 7,118       | \$ 218               |
| Intergovernmental   | 12,300                | 12,300       | 6,680          | (5,620)              |
| Charges for services  | 6,600                 | 6,600        | 1,860          | (4,740)              |
| Interest  |                       |              | 25             | 25                   |
| Donations   |                       |              | 2,500          | 2,500                |
| Miscellaneous revenue   |                       |              | 524            | 524                  |
| Total revenues  | \$ 25,800             | \$ 25,800    | \$ 18,707      | \$ (7,093)           |
| <b>EXPENDITURES:</b>  |                       |              |                |                      |
| Current -   |                       |              |                |                      |
| General government  | \$ 25,800             | \$ 25,800    | \$ 17,740      | \$ 8,060             |
| Total expenditures  | \$ 25,800             | \$ 25,800    | \$ 17,740      | \$ 8,060             |
| Excess of revenues over (under) expenditures                                  | \$ ...                | \$ ...       | \$ 967         | \$ 967               |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                       |              |                |                      |
| Transfer in   |                       |              | \$ 11,000      | \$ 11,000            |
| Total other financing sources (uses)  | \$ ...                | \$ ...       | \$ 11,000      | \$ 11,000            |
| Excess of revenues and other sources over (under) expenditures and other uses |                       |              | \$ 11,967      | \$ 11,967            |
| FUND BALANCE, July 1, 2005  | \$ 20,456             | \$ 20,456    | 20,456         |                      |
| FUND BALANCE, June 30, 2006   | \$ 20,456             | \$ 20,456    | \$ 32,423      | \$ 11,967            |